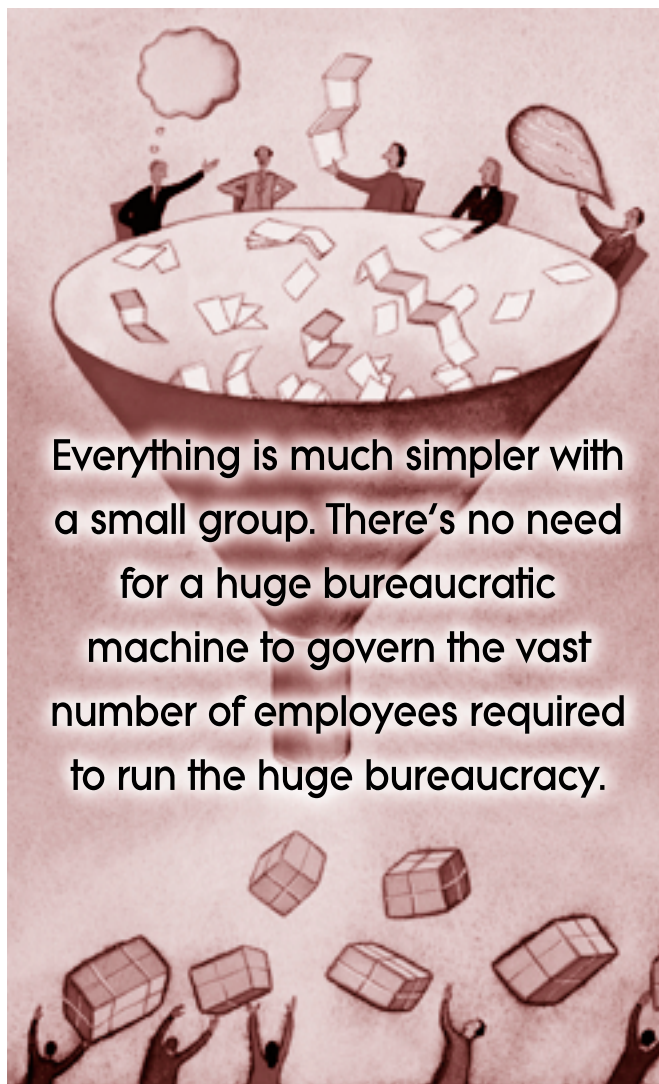# To Speed it Up, Size it Down

Capt. Gabe Mounce, USAF

Everything is much simpler with a small group. There's no need for a huge bureaucratic machine to govern the vast number of employees required to run the huge bureaucracy.

After reading "It's About Time" (*Defense AT&L*, January–February 2006), I began thinking about how the Air Force—and the DoD in general—could speed up its acquisition process. I started with the many tidbits of information I had read over the years about different groups that accomplished or were accomplishing astonishingly quick feats of delivery. Each of these organizations had developed and produced, or else was in the process of developing and producing, with unprecedented speed, never-before-seen, high-quality products. Here are some examples:

Mounce is assigned to the RF Technology Branch of the Air Force Research Lab in Rome, NY. He runs pretty fast (although he doesn't really like running), which is why he thinks he's qualified to talk about speed.

- The famous Skunk Works of Lockheed Martin designed, developed, and produced the U2 in one year and the SR-71—the world's fastest aircraft to date—in two years.
- Gordon MacKenzie, in *Orbiting the Giant Hairball: A Corporate Fool's Guide to Surviving with Grace*, explained that the small and unruly Contemporary Design section of Hallmark was consistently the highest grossing section of the company. It didn't follow established norms of the company, so the bosses hated it—and all the creative designers wanted to work there.
- After CEO Ricardo Semler reinvented the Brazilian company Semco S.A., as an organization with a culture of trusting the employees, and trimmed it down, it produced many of its products in half the time it had taken under the hierarchical management of Semler's father.
- Burt Rutan and his company Scaled Composites produced the world's first civilian spacecraft in less than five years.
- The early U.S. space program developed and flew the first man into space in less than three years.
- Orange County Choppers produces some of the most fantastic bikes around in less than a year.

Bigger Isn't Faster Isn't Better

These groups were developing and producing first-of-their-kind products in less time than it now takes to field products using technology that already exists. How can this be? The products aren't any more sophisticated than their earlier counterparts were in their own eras. I have pondered this and believe I have identified the common element: These companies and organizations are—or were—very small, composed of (or divided into many divisions composed of) a very small number of people. And that makes all the difference in the world. How so?

Well, everything is much simpler with a small group. There's no need for a huge bureaucratic machine to govern the vast number of employees required to run the huge bureaucracy—an ironic situation, don't you think? Therefore, there are not a lot of processes to follow or procedures to check off. A small team simply decides what to do and then does it. Everyone works closely together because it's easy to do; there are so few people to actually have to coordinate with. So the work gets done faster. Almost every successful, speedy organization is small or started small. Those that ceased to be small usually see sharp decreases in their productivity simply because of the overarching bureaucracy that follows once an organization gets large.

Seth Godin, a well known blogger, has this to say about being small in his e-book *Who's There* (find it at < http://sethgodin.typepad.com/seths_blog/files/whos_there.pdf >): "Enron (big) got audited by Andersen (big) and failed (big). … American Airlines (big) is getting creamed by Jet Blue (think small). *BoingBoing* (staff of four) is the most linked-to blog according to Technorati and has a readership growing a hundred times faster than that of the *New Yorker* (staff of hundreds). … Small means the founder makes a far greater percentage of the customer interactions. Small means the founder is close to the decisions that matter and can make them, quickly. … Small is the new big because small gives you the flexibility to change the business model when your competition changes theirs. … Small is the new big only when the person running the small thinks big."

The Semco Lesson: Responsibility Empowers
To cut down bureaucracy, get small. Learn a lesson from Semco CEO Ricardo Semler.

First, according to his book *Maverick*, Semler instilled in Semco an unprecedented amount of trust. He recognized his employees as adults and ceased requiring the trivial (and excessively bureaucratic) accounting of their actions. With this done, he no longer needed all the ranks of bureaucracy to keep tabs on all the actions of the company. He trusted the folks actually doing the work to do the work. So he was able to cut vast numbers of people who were no longer needed. He discovered that the executives could file, answer phones, and escort customers themselves, so they didn't need secretaries. The company no longer required accounting sections to approve all travel expenses because people were trusted with business expenditures themselves. And shop employees no longer needed foreman to ensure they were doing their jobs. This, as James Surowiecki describes in his seminal book *The Wisdom of Crowds*, is the key to speed: elimination of rigid managerial hierarchies "sharply reducing the layers of management separating the people at the top from the rest of the company."

Second, he divided Semco into much smaller work units. Following the example of employees at one plant, Semler freed the whole company to do the work as they saw fit. As a result, workers formed small work units consisting of factory workers, engineers, office clerks, sales reps, and executives. What may be more surprising is that "[no unit] had a formal head; whoever showed the greatest capacity to lead got the job, calling meetings and moderating discussions." Factory workers reorganized their assembly lines into small manufacturing cells, responsible for fashioning a product from beginning to end, and each member of the cell learned how to operate all the machines in the cluster and do whatever else was needed to get the job done, from driving forklifts to meeting with suppliers. This freedom gave workers pride and ownership in the products they made and completely eliminated the need for quality control. With a direct say in how things were done, workers ensured they were done right. Semler effectively put into practice Surowiecki's concept of "a wider distribution of real decision-making power."

Semler believes small groups work so well because "large, centralized organizations foster alienation like stagnant ponds breed algae. Everyone in them is part of a gigantic, impersonal machine, and it's impossible to feel motivated when you feel you are just another cog. Human nature demands recognition. Without it, people lose their sense of purpose and become dissatisfied, restless, and unproductive."

Surowiecki says the same thing: "In service businesses or companies whose value depends on intellectual labor, treating workers as cogs will not work."

Big as a State of Mind
Semler discovered that people cannot assimilate and have a say in really large groups, a phenomenon he terms "gigantism." His experience at Semco showed that people "will only perform at their potential when they know almost everyone around them … generally no more than a few hundred people." However, gigantism is not intrinsically linked to numbers. Semler points out that a company of 1,000 people can be gigantic, but one of 50,000 can be small, depending on how the work units are divided. He uses one of his plants as an example: "We only had 200 employees before we split up and the interoffice mail would take two days to move … 300 yards." You can't break up everything of course, but you should do so where it makes sense.

The result: "Semco's revenues have jumped from $35 million to $212 million in the last six years, and the firm grew from several hundred employees to 3,000—with employee turnover of about 1 percent," wrote Brad Wieners in "Expert Voices," *CIO Insight: Strategies for IT Business Leaders*, April 2004.

Applying the Semco Experience to DoD
So how does a very large organization like the DoD cut an acquisition organization down to size. Well, start by eliminating the useless tracking of metrics; otherwise, you're defeating the whole purpose of empowering employees to track stuff themselves and make decisions based on what they see. Metrics that supposedly help an organization be more productive but, in fact, slow it way down. Metrics that people spend all day collecting (creating a need for an organization dedicated to tracking metrics) but nobody actually reads because there is too much information collected to process and synthesize.
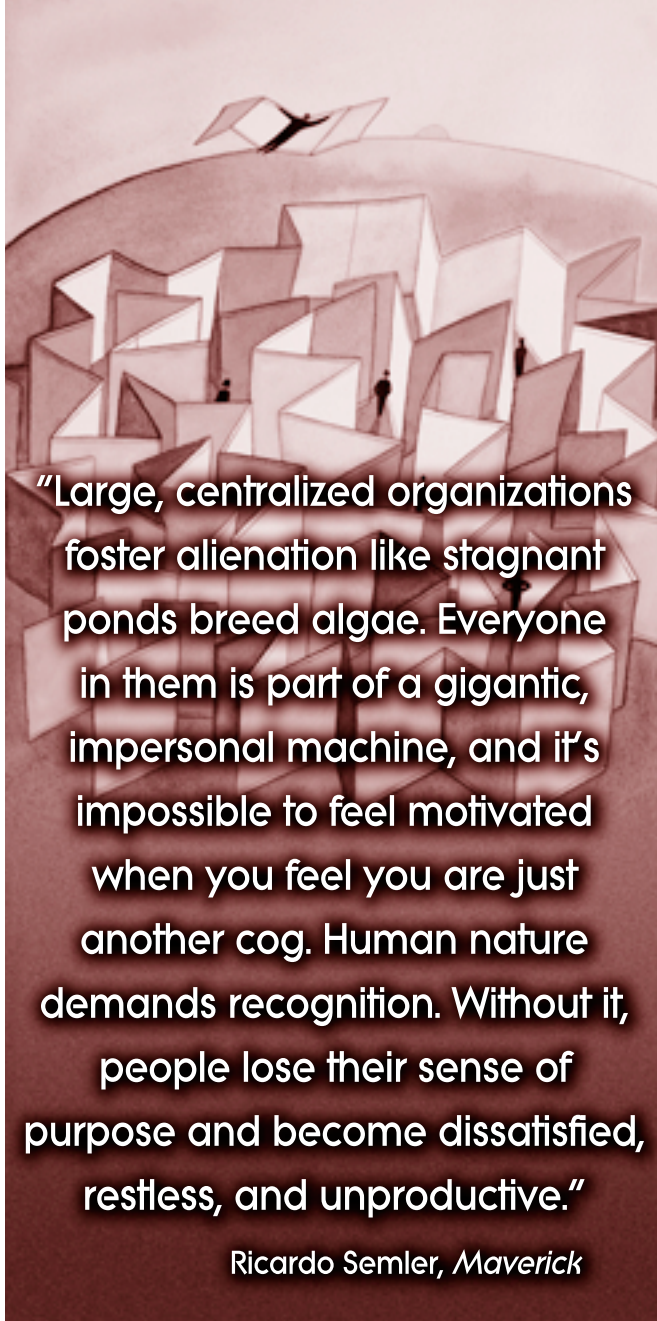
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>
> Ricardo Semler, *Maverick*

Second, get rid of useless processes and procedures. In fact, cut out so much of these that you have to leave most of the decisions about what to do and how to do things to the people closest to the work being done. That's where the decisions should be made in the first place, not by faceless processes and procedures enacted out of fear that untrustworthy employees will scam the organization and waste the taxpayers' money (certainly a risk, but one that largely goes away when employees are truly involved). This will alleviate whole sections, whole divisions, whole directorates of people, significantly cutting down the bureaucracy. And things will get done much faster.

But what about quality, you say. Quality isn't a factor when products are being made by employees who care about the products they make. And they *will* care (if the Semco experience is anything to go by) when they have a vested interest in seeing the products they make get to the cus-

tomer (usually the warfighter). In other words, when employees have a direct say in *what* products are produced and *how* the products are produced, they are much more likely to *really* care about making the product well, and they will take much more pride in their work. Treat employees as mindless automatons who aren't to be trusted, motivate them to meet standards by coercion and fear, and you risk that they won't care about how the product turns out.

As an example, I advocate cutting out the military acquisition career field. (Yes, really!) Those of us in this field are often used as program/project managers to oversee the development and production of warfighter products (weapon systems). What we really are, is an overhead cost (both in time and money), an addition to the already overwhelming bureaucracy of monitoring. The pro argument is this: As military members, we can provide a sense of realism from the point of view of the warfighter. The hole in the argument is that most of us have never "warfought," nor do we have any practical, hands-on experience in our fields of specialty. Therefore we provide no value-added and are simply a ball and chain slowing our organizations down. So get rid of us, and free the organization to move much faster.

If that seems too harsh, the other option is to free up those acquisition workforce members as free agents. Let them plug themselves into projects and teams that spark their interest. Of course this is a two-way street: The receiving team would interview and determine if there was a fit, so that when a match occurred, the organization would get much more bang for its buck.

Finally, let's fluidly form ourselves into much smaller teams with complete independence to make and implement decisions. Have the teams decide what is best for their efforts and then just do it. The leader/director/Grand Poobah simply facilitates team functioning by providing resources for the team to get its job done. When permission is required, the default answer should be "yes," forcing the defenders of the status quo to *prove* why it should be "no."

All this will greatly streamline getting things done. Our organizations will become so fast that we'll have to stay in shape just to keep up. Now there's a concept!

In the next issue, the author will address the fact that small doesn't mean homogeneous and examine the need for diversity and independence in a well-functioning small team.

The author welcomes comments and questions. Contact him at gabemounce@earthlink.net.